

HBT

ACCOUNTANTS

BUSINESS ADVISORS & CHARTERED ACCOUNTANTS

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HAPPY JANUARY!

Here's to a new year filled with endless possibilities. We trust everyone had an amazing break and the opportunity for a rejuvenating reset!

As the new year begins, we naturally contemplate our future goals. For Business owners, financial objectives come into focus. Whether you're aiming high or setting smaller targets this year, we've compiled some essential tips to guide you on your journey:

- If you're feeling overwhelmed, try making a list. Begin with the smaller goals and work your way down to the bigger targets.
- Brainstorm! For each goal, jot down the necessary steps to achieve it - whether it's securing financing, expanding your workforce, or crafting a robust marketing strategy.
- Establish a solid plan and make sure you have the necessary tools to execute it. Cash flow is a significant factor in most decisions, and the classic saying, "you have to spend money to make money," often holds true. Putting in place budgets and monitoring your cash position is key (and be sure to factor in Tax).
- If you need any help, get in touch. We're always excited to learn about the latest developments in your business!

Keep Track Of These Important Dates In The Coming Months!

- 28th February - GST Return and Payment due for two-monthly filers for the period ending 31 January.
- 20th February - PAYE due for January Pay period.

New Year New Service!

We're excited to announce a special offer on our bookkeeping services to help you tackle routine tasks and free you up to focus on the more exciting aspects of your business journey.

Our Services include:

- Day-to-day billing
- Receipting
- Payroll
- Bank reconciliation.



Reach out to us for more Details!

NEWSLETTER
JAN 2024

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xero

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Provisional Tax - What's the Deal?

The easiest way to think of Provisional Tax is as advance payments for next year's income tax. If it's your first year dealing with Provisional Tax, it might feel like you're settling multiple tax bills at once - your Terminal or Final tax from the last filed return and progress payments for the upcoming year. This can throw a spanner in the works, particularly if you've invested in assets or personally withdrawn funds from your Business (as this affects your cash position (bank balance) but not necessarily your Taxable profit as far as the IRD is concerned).

Provisional Tax commonly kicks in if your Residual Tax (RIT) exceeds \$5,000.00 - RIT being tax owed on your year-end return. Using the IRD Standard method, your Provisional Tax instalments are calculated as RIT + 5% and divided into three payments.

The instalment dates are generally August, January and May each year (for those with a 31 March year-end). If your Business had a particularly good year, it's worth getting in touch with us as soon as you can allowing more time to meet those instalment deadlines and to plan ahead for cashflow.

In terms of managing the payments involved, we usually recommend putting aside about a third of your income on a regular basis (i.e. fortnightly, monthly etc) to a dedicated "Tax Savings Account". We recommend this even if you think you may not be liable for Provisional Tax. This strategy helps to alleviate pressure when it comes to tax time and ensures you are able to make more informed decisions about other potential cash outflows.

Up to Speed with Xero?

Xero File Storage:

Did you know you can add attachments to your Xero transactions? Adding an attachment as a source document is not only great for year end Accounts, it also means you know exactly where to look should you ever need to provide documentation to the IRD. Simply go to the transaction you wish to reconcile, click "add details" and in the top right hand corner you'll see a document icon. Selecting this allows you to upload the file right there and then! You can also attach files to an already reconciled transaction by searching under "Account Transactions", clicking the transaction you wish to attach to and using the document icon to upload the file.

Reports:

The great thing about Xero is the variety of ready to use reports right at your fingertips! Simply go to the "Accounting" Menu, then select "Reports" to access these. Once you've selected a report, you can adjust the date range and compare results with other periods. We'd recommend starting with a Profit and Loss report and tracking your progress at regular intervals as the year elapses.

Tracking:

Xero tracking allows you to assign a sub-code to track various areas of your business and related expenditure or income types. This is especially handy where you'd like to track transactions related to a specific person, division of your business or trading area for example. Set up tracking under the Accounting Menu - Tracking Categories in order to use this option while reconciling your bank account.

These are only a few of the ways you can use Xero to make running your business a breeze. If you have any questions about the above tips or anything else in Xero, get in touch!



Want to get the best out of Customer relationships?

The New Year can be a great time to rethink how you communicate with your customer base and how you nurture relationships long term.

Using Digital Channels:

Using platforms such as Instagram and Facebook allow you to share exciting news and updates with your existing customers and provide a great way for any potential new clientele to check out your Business. Advertising campaigns can easily be run through social media channels and increase your reach.

Feedback:

Feedback can be hard to gather but is invaluable when trying to grow your Customer base. Collecting feedback doesn't have to mean undertaking a survey or filling out feedback cards. It can be as simple as having a regular catch up or phone call with your Customers and asking them. Receiving feedback can be hard at times, but in the long run you'll pick up on areas where there's room for improvement and your existing Customers will appreciate you checking in.

Know your Customers:

Getting to know your Customers takes time and means being able to actually connect with the person on the other side of the counter, other end of the phone or sitting across the meeting room table. In any industry, Business owners are faced with multi-generational Customers and the technological gap can be vast. It's important to check with Customers how they'd like to be communicated with. While some prefer email, others may text or call, some may prefer a face-to-face catch up. Finding this out and ensuring you make regular contact with your client base is a must.



Tax Refresh: What's Deductible?

As we head towards the end of another tax year, the question at the top of everyone's mind is "can I claim this expenditure in my return?"

A few common headscratchers include:

- Clothing - Only deductible if part of a uniform or safety clothing. Anything purchased that could potentially be used for other purposes is not tax deductible.
- Motor Vehicle - Business related travel is deductible but be sure to maintain a logbook to keep track of the Business portion of use.
- Meals - Meals purchased while traveling for Business are 100% tax deductible but beware of Food and Drink purchased as part of an event, work party or gift (these are generally 50% deductible).
- Home Office - If you run your Business admin through a Home Office (even if part time) you're entitled to a claim on the percentage of Home Expenses related to your Office. Home Office can be extended to include storage areas or workshops so keep those in mind when measuring your working from home space. Home expenses able to be claimed include Rates, Electricity & Gas, Insurance, Rent/Interest on Mortgage Payments.